



SUMMER 2003

Debbie Regala

State Senator

27th LEGISLATIVE DISTRICT

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APPOINTMENTS:

Legislative Ethics Board
Joint Legislative Audit &
Review Committee



Dear Neighbor:

This was a tough year in Olympia—the toughest I've seen in my nine years as a legislator.

We started the year with a \$2.3 billion budget deficit that grew to \$2.6 billion by the session's end, forcing us to make some difficult decisions.

We were also faced with difficult decisions regarding the state's transportation needs, business climate and rising health care costs.

My goal was to maintain vital education and human services and protect our environment. In a fiscal crunch, small victories count for a lot—and there were many. But there were also some very disappointing defeats.

This newsletter will give you a little more detail about our budget challenge, as well as information about efforts to secure Boeing's new 7E7 "Dreamliner" production site, unemployment insurance reform, and our state's new prescription drug plan.

In closing, a heartfelt thank you to everyone who contacted me during the legislative session. Your ideas and concerns were appreciated. It is a continuing honor to serve as your state senator, and I hope you will keep in touch throughout the year.

Respectfully,

Debbie Regala
State Senator
27th Legislative District



Budget Hard to Swallow

The Legislature grappled with a \$2.6 billion budget shortfall this year and it was not an easy task.

As a member of the Senate Ways & Means Committee, I was very involved in the budget-writing process. Advocates from every walk of life testified about their needs, from vital health and human services to education programs; and from tax relief to regulatory reform.

In a tight budget year like this one, it was simply impossible to continue our level of service without new revenues. With both the governor and the

Senate majority calling for a “no-new-taxes” budget, the choices were limited.

Although we were able to stave off some of the more drastic cuts proposed at the beginning of the session, the final budget still made more sacrifices than I could support. There are numerous reductions to vital programs that will affect the people of the 27th District. I believe we could have done better to protect our most needy citizens, our schools and our environment.

Basic Health Plan



I was very discouraged by reductions in the Basic Health Plan, which provides subsidized health

care to low-income working families. Although not as many of our state's residents will lose BHP coverage as was first suggested, more than 30,000 people—most of whom work—will find themselves with no health care in a matter of months. Without health insurance, preventable illnesses can turn into tragic and costly medical emergencies. This policy is penny-wise and pound-foolish, and will cost us all in the long run.

Medically Indigent Program

Another particular concern for the 27th District is the reduction in the medically indigent program, which reimburses hospitals for critical services they provide to people who have no medical insurance. Cuts to this program will have a severe fiscal impact on the hospitals in our district.

Home Health Care Workers

Nearly two years ago, voters approved an initiative allowing home health care workers to collectively bargain for wages and benefits. The workers submitted their first contract to the Legislature this session but, unfortunately, it was not approved. Today, home health care workers are among the lowest paid employees in the state. They perform some of the most difficult, back-breaking work helping 26,000 poor, elderly and disabled residents stay in their homes and out of nursing facilities. The final budget provided a 75-cents per hour raise. I believe they deserve more.

Public Schools



Cuts to education are also worrisome. The Legislature suspended two popular education initiatives that invested in smaller class size and better teacher pay, and there were many other K-12 cuts that I did not support. School districts throughout

the state have already issued scores of pink slips and many are expecting to cram more students into classrooms. However, while nobody wants to see students with less continuity and one-on-one time with their teachers, it's important to note that postponing implementation of the initiatives helped prevent more drastic cuts to critical human service programs.

State Employees

State employees were also greatly impacted by this budget. They will go without a cost-of-living raise for another two years; at the same time, they'll be paying a larger share of their medical coverage—in effect, a pay cut for many state workers. And the state workforce was reduced by more than 1,100 full-time positions.

I realize that times are tough. But state employees provide many vital services to the people of Washington, such as ensuring our children are in safe homes, finding ways to prevent deadly illnesses and keeping our parks clean and safe. Cutbacks to state workers affect us all in the long run.

Unemployment Insurance: What the Changes Mean

One of the hottest issues during the last days of session was unemployment insurance reform. While changing the system was already on the table, the issue drew a frenzy of attention as the state prepared its pitch to land the assembly site of Boeing's new 7E7 jetliner.

Boeing and other businesses have long complained that the current unemployment insurance system is unfair. A modest reform approved last year, which I supported, would have saved businesses about \$10 million and left current benefit levels for

workers mostly intact. Those changes were nullified after a successful referendum last November.

Legislators worked hard this year to find a solution that would balance the needs of business and employees. Because some businesses pay more into the system than their employees take out, I supported efforts to reduce costs to businesses as long as worker benefits were protected.

Early proposals would have eliminated thousands of seasonal workers — such as fruit pickers and construction workers — from eligibility. That was unacceptable to me. Kicking off seasonal employees who lose their jobs through no fault of their own is not the kind of state I want Washington to be.

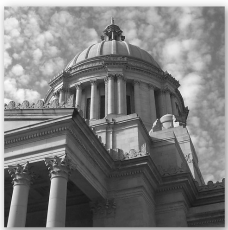
Under the legislation passed in the final days of session, business stands to save more than \$200 million.

Workers will see substantial benefit cuts, but seasonal workers will not be dropped from the rolls.

However, the new system will create a harsher fiscal reality for people who already struggle to make ends meet. Workers will lose four weeks of benefits and 7 percent of their maximum payments. And for many, the revamped system means actual benefit cuts between 5 and 50 percent.

I agree that some changes to the unemployment system needed to be made to keep Washington competitive. But we shouldn't be competitive at the expense of working families.

Tax Reform



This year's budget is a painful reminder that our state needs a fundamental change in the way we

raise revenue. We must take a serious look at what our citizens need and want in the way of state government services and develop a sustainable way to pay for it. This includes tax reform.

I believe we have a regressive system that taxes poor and middle income people too much. Our system is also unfair to business, taxing gross income instead of net earnings. We need to revise that system to make it more fair and less vulnerable to fluctuations in the economy.

We can't keep making promises — legislators and voters alike — that we don't really know how to pay for. A thoughtful reform of our tax system will help us provide a more secure future.

Making Prescription Drugs More Affordable

One of the major victories this session was passage of a measure that will help make prescription drugs more affordable for low-income seniors and people with disabilities.

The new law includes:

- **A prescription drug discount program**—People who are 50 years of age or older with incomes below 300 percent of the federal poverty level (\$36,360 for a family of two) will be able to join a program designed to provide discounts on certain prescriptions. Participants will pay an annual fee to cover administrative costs. The amount of the discount will depend on negotiations between the state and drug manufacturers.
- **Help with finding low-cost prescriptions**—Most drug companies sponsor programs that provide low-income patients with certain drugs at little or no cost. However, searching for these programs and the medicines they provide can be

overwhelming and time consuming. This program will set up a toll-free number for patients to call and get help finding the low-cost prescriptions they need.

- **'Brown bag' educational programs**—Sometimes people take drugs and herbal medicines that, when combined, may be bad for their health and their budget. Under this program operated by Area Agencies on Aging, seniors can bring all their medicines to a local senior center and get free advice on the amount and combination of their medications, as well as how to reduce their drug costs.
- **A state buying consortium**—This will allow state agencies to develop a preferred drug program as a means to negotiate lower prices with drug manufacturers. This provision is estimated to reduce state costs by \$16 million during the next two years.

Investing in Our Future: Keeping Boeing in Washington

In an effort to encourage Boeing to build its new 7E7 jetliner here and help improve the outlook for Boeing's future in our state, I supported legislation that would give the company tax relief on the condition that the 7E7 is built in Washington.

Given our budget shortfall, I opposed most tax breaks this session. But I supported the Boeing incentives because I thought it made good sense for the long term.

The fact is, the incentives affect more than just Boeing and production of the 7E7. If Boeing decides to build its new passenger



Production of Boeing's new 7E7 "Dreamliner" could help boost Washington's economy.

jet elsewhere, the company is also likely to move production lines on other planes — especially as older

models like the 737 are phased out. This would be a huge loss to Washington, in both high-wage jobs and tax collections for vital state government programs and services.

Every Boeing job helps support other jobs in our economy, including Boeing suppliers and other retail and consumer positions. With this "multiplier effect" at stake, we simply can't afford to let Boeing go without offering the company reasonable incentives to stay here in Washington.

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